

8420 State Compensation Insurance Fund

State Compensation Insurance Fund (State Fund) is a public enterprise fund established through legislation enacted in 1913 to provide an available market for workers' compensation insurance to employers located in California. State Fund is governed by a board of directors with authority comparable to that of the governing body of a private insurance carrier.

State Fund's purpose is to provide fairly priced worker's compensation insurance, make the workplace safe, and restore injured workers. State Fund is self-supported with revenues from premiums on policies written and from investment income. It does not receive any financial support from the state, and the state is not liable for any obligations of State Fund. Almost all of State Fund's employees are civil servants.

Separate from its insurance business, State Fund has been engaged by the California Department of Human Resources to provide workers' compensation claims administration services for legally uninsured departments, agencies, boards, commissions, or other subdivisions of state government under a Master Agreement. Under this agreement, the state provides a deposit out of which State Fund pays compensation benefits to injured workers and medical benefits to health providers, and is reimbursed by state agencies for amounts paid plus service fees equal to the costs of these services.

3-YR EXPENDITURES AND POSITIONS

| | Positions | | | Expenditures | | |
|--|----------------|----------------|----------------|--------------------|--------------------|--------------------|
| | 2013-14 | 2014-15 | 2015-16 | 2013-14* | 2014-15* | 2015-16* |
| 6560 Workers' Compensation Benefits | - | - | - | \$1,026,223 | \$1,323,395 | \$1,477,854 |
| 6565 Workers' Compensation Program Administration | 4,205.5 | 4,689.5 | 4,889.0 | 865,385 | 1,043,618 | 1,012,547 |
| TOTALS, POSITIONS AND EXPENDITURES (All Programs) | 4,205.5 | 4,689.5 | 4,889.0 | \$1,891,608 | \$2,367,013 | \$2,490,401 |
| FUNDING | | | | 2013-14* | 2014-15* | 2015-16* |
| 0512 State Compensation Insurance Fund | | | | \$1,891,608 | \$2,367,013 | \$2,490,401 |
| TOTALS, EXPENDITURES, ALL FUNDS | | | | \$1,891,608 | \$2,367,013 | \$2,490,401 |

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Insurance Code, Division 2, Part 3, Chapter 4, Articles 1-7; and California Constitution, Article 14, Section 4.

DETAILED BUDGET ADJUSTMENTS

| | 2014-15* | | | 2015-16* | | |
|--|--------------|------------------|--------------|--------------|--------------------|----------------|
| | General Fund | Other Funds | Positions | General Fund | Other Funds | Positions |
| Workload Budget Adjustments | | | | | | |
| Other Workload Budget Adjustments | | | | | | |
| • Miscellaneous Baseline Adjustments | \$- | \$915,773 | 964.5 | \$- | \$1,038,681 | 1,164.0 |
| • Retirement Rate Adjustments | - | 8,842 | - | - | 8,842 | - |
| • Salary Adjustments | - | 5,359 | - | - | 5,358 | - |
| • Benefit Adjustments | - | 2,428 | - | - | 2,910 | - |
| Totals, Other Workload Budget Adjustments | \$- | \$932,402 | 964.5 | \$- | \$1,055,791 | 1,164.0 |
| Totals, Workload Budget Adjustments | \$- | \$932,402 | 964.5 | \$- | \$1,055,791 | 1,164.0 |
| Totals, Budget Adjustments | \$- | \$932,402 | 964.5 | \$- | \$1,055,791 | 1,164.0 |

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

† Past year appropriations are net of subsequent budget adjustments.

8420 State Compensation Insurance Fund - Continued

Workers' Compensation Benefits for State Workers

The following table provides summary data on actual and estimated workers' compensation costs by state agencies for informational purposes. All workers compensation costs are included in the individual budgets of the responsible state agencies. Costs also include administrative charges under the Master Agreement.

| | 2011-2012 | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|---|----------------------|----------------------|----------------------|------------------------|------------------------|
| Policy premium cost of insured State Agencies | \$4,112,594 | \$4,883,949 | \$5,969,307 | \$6,725,891 * | \$7,062,185 * |
| Benefits paid by uninsured State Agencies (Exclusive of payments under Labor Code Section 4800/4800.5 and Industrial Disability Leave) | 381,786,902 | 449,936,985 | 445,288,610 | 425,670,832 * | 425,670,832 * |
| Industrial Disability Leave benefits paid by State Agencies | 85,785,832 | 94,922,654 | 86,860,172 | 89,189,553 * | 89,189,553 * |
| Benefits paid under Labor Code Sections: | | | | | |
| 4800 Department of Justice | 705,808 | 331,940 | 941,171 | 659,640 * | 659,640 * |
| 4800 California Department of Fish & Wildlife (Wardens) | N/A | 3,277 | 378,679 | 378,679 | 378,679 |
| 4800.5 California Highway Patrol | 8,094,901 | 5,748,742 | 6,339,101 | 6,727,581 * | 6,727,581 * |
| Administrative Costs under the Master Agreement | 96,717,000 | 100,400,000 | 107,300,000 | 102,600,000 * | 112,100,000 * |
| TOTAL WORKERS' COMPENSATION COST (ALL FUNDS) | \$577,203,037 | \$656,227,547 | \$653,077,040 | \$631,952,176 * | \$641,788,470 * |
| Number of Workers' Compensation Claims | | | | | |
| Industrial Disability Leave: | | | | | |
| Nondisabling | 12,517 | 10,922 | 8,779 | 8,196 * | 8,196 * |
| Disabling | 10,147 | 10,839 | 12,413 | 12,530 * | 12,530 * |
| Labor Code Sections: | | | | | |
| 4800 Department of Justice | 38 | 30 | 23 | 28 * | 28 * |
| 4800 California Department of Fish & Wildlife (Wardens) | N/A | 8 | 28 | 28 | 28 |
| 4800.5 California Highway Patrol | 825 | 838 | 729 | 820 * | 820 * |
| Total New Reported Claims | 23,527 | 22,637 | 21,972 | 21,602 * | 21,602 * |

* Estimate

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8420 State Compensation Insurance Fund - Continued

PROGRAM DESCRIPTIONS

6560 - WORKERS' COMPENSATION BENEFITS

Through this program, the State Compensation Insurance Fund (State Fund) provides workers' compensation benefit payments to covered employees who are injured or become ill during the course of, or due to, employment. This program does not include the cost of benefits for State of California employees. Refer to the Workers' Compensation Benefits for State Agencies for the costs in accordance with the State Master Agreement.

6565 - WORKERS' COMPENSATION PROGRAM ADMINISTRATION

Through this program, the State Fund writes insurance policies for California employers, processes and adjusts workers' compensation claims, and provides loss-control training programs to insured employers.

DETAILED EXPENDITURES BY PROGRAM

| | | 2013-14* | 2014-15* | 2015-16* |
|-----------------------------|---|--------------------|--------------------|--------------------|
| PROGRAM REQUIREMENTS | | | | |
| 6560 | WORKERS' COMPENSATION BENEFITS | | | |
| | Unclassified: | | | |
| 0512 | State Compensation Insurance Fund | \$1,026,223 | \$1,323,395 | \$1,477,854 |
| | Totals, Unclassified | \$1,026,223 | \$1,323,395 | \$1,477,854 |
| PROGRAM REQUIREMENTS | | | | |
| 6565 | WORKERS' COMPENSATION PROGRAM ADMINISTRATION | | | |
| | State Operations: | | | |
| 0512 | State Compensation Insurance Fund | \$865,385 | \$1,043,618 | \$1,012,547 |
| | Totals, State Operations | \$865,385 | \$1,043,618 | \$1,012,547 |
| TOTALS, EXPENDITURES | | | | |
| | Unclassified | 1,026,223 | 1,323,395 | 1,477,854 |
| | State Operations | 865,385 | 1,043,618 | 1,012,547 |
| | Totals, Expenditures | \$1,891,608 | \$2,367,013 | \$2,490,401 |

EXPENDITURES BY CATEGORY

| | 1 State Operations | | | Expenditures | | |
|---|--------------------|----------------|----------------|------------------|--------------------|--------------------|
| | 2013-14 | 2014-15 | 2015-16 | 2013-14* | 2014-15* | 2015-16* |
| PERSONAL SERVICES | | | | | | |
| Authorized Positions (Equals Sch. 7A) | 4,205.5 | 3,725.0 | 3,725.0 | \$274,930 | \$247,086 | \$247,086 |
| Total Adjustments | - | 964.5 | 1,164.0 | - | 46,776 | 68,388 |
| Net Totals, Salaries and Wages | 4,205.5 | 4,689.5 | 4,889.0 | \$274,930 | \$293,862 | \$315,474 |
| Staff Benefits | - | - | - | 76,924 | 103,390 | 110,772 |
| Totals, Personal Services | 4,205.5 | 4,689.5 | 4,889.0 | \$351,854 | \$397,252 | \$426,246 |
| OPERATING EXPENSES AND EQUIPMENT | | | | \$513,531 | \$646,366 | \$586,301 |
| TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations) | | | | \$865,385 | \$1,043,618 | \$1,012,547 |

| | 4 Unclassified | | | Expenditures | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2013-14* | 2014-15* | 2015-16* | 2013-14* | 2014-15* | 2015-16* |
| Other Special Items of Expense | \$1,026,223 | \$1,323,395 | \$1,477,854 | \$1,026,223 | \$1,323,395 | \$1,477,854 |
| TOTALS, EXPENDITURES, ALL FUNDS (Unclassified) | \$1,026,223 | \$1,323,395 | \$1,477,854 | \$1,026,223 | \$1,323,395 | \$1,477,854 |

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8420 State Compensation Insurance Fund - Continued

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

| 1 STATE OPERATIONS | 2013-14*† | 2014-15* | 2015-16* |
|--|---------------------------|---------------------------|---------------------------|
| 0512 State Compensation Insurance Fund | | | |
| APPROPRIATIONS | | | |
| Insurance Code Sections 11770 and 11800.1 | \$865,385 | \$573,661 | \$1,012,547 |
| Allocation for employee compensation | - | 5,359 | - |
| Allocation for staff benefits | - | 2,429 | - |
| Baseline Adjustments | - | 453,327 | - |
| Section 3.60 pension contribution adjustments | - | 8,842 | - |
| TOTALS, EXPENDITURES | <u>\$865,385</u> | <u>\$1,043,618</u> | <u>\$1,012,547</u> |
| Total Expenditures, All Funds, (State Operations) | <u>\$865,385</u> | <u>\$1,043,618</u> | <u>\$1,012,547</u> |
| | | | |
| 4 UNCLASSIFIED | 2013-14*† | 2014-15* | 2015-16* |
| 0512 State Compensation Insurance Fund | | | |
| APPROPRIATIONS | | | |
| Insurance Code Section 11800.1 Benefits Paid--Workers' Compensation | \$1,026,223 | \$860,949 | \$1,477,854 |
| Baseline Adjustments | - | 462,446 | - |
| TOTALS, EXPENDITURES | <u>\$1,026,223</u> | <u>\$1,323,395</u> | <u>\$1,477,854</u> |
| Total Expenditures, All Funds, (Unclassified) | <u>\$1,026,223</u> | <u>\$1,323,395</u> | <u>\$1,477,854</u> |
| TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Unclassified) | <u>\$1,891,608</u> | <u>\$2,367,013</u> | <u>\$2,490,401</u> |

CHANGES IN AUTHORIZED POSITIONS

| | Positions | | | Expenditures | | |
|-----------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|
| | 2013-14 | 2014-15 | 2015-16 | 2013-14* | 2014-15* | 2015-16* |
| Totals, Authorized Positions | 4,205.5 | 3,725.0 | 3,725.0 | \$274,930 | \$247,086 | \$247,086 |
| Salary and Other Adjustments | - | 964.5 | 1,164.0 | - | 46,776 | 68,388 |
| Totals, Adjustments | - | <u>964.5</u> | <u>1,164.0</u> | <u>\$-</u> | <u>\$46,776</u> | <u>\$68,388</u> |
| TOTALS, SALARIES AND WAGES | 4,205.5 | 4,689.5 | 4,889.0 | \$274,930 | \$293,862 | \$315,474 |

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